



**STATE OF NORTH CAROLINA  
OFFICE OF STATE BUDGET AND MANAGEMENT**

BEVERLY EAVES PERDUE  
GOVERNOR

ANDY WILLIS  
STATE BUDGET DIRECTOR

October 10, 2011

**MEMORANDUM**

TO: Senators Brunstetter, Hunt and Stevens  
Representatives Brubaker, Crawford, Dollar, Gillespie, and Johnson

FROM: Jennifer Hoffmann, Assistant State Budget Officer for Infrastructure *JBH*

SUBJECT: UNC Non-General Fund Capital Improvement Projects

Pursuant to Section 6.5. (d)(4), of Session Law 2011-145, the Office of State Budget and Management (OSBM) must consult with the Appropriations Committee of the House of Representatives and the Appropriations/Base Budget Committee of the Senate prior to any expenditure for a new capital improvement project not specifically authorized by the General Assembly.

The attached five capital improvement projects have been reviewed and approved by the Board of Governors of The University of North Carolina per G.S. 143C-8-12. Consistent with consultation requirement cited above, OSBM is submitting these non-General Fund capital projects to the House and Senate appropriations committees for their consideration.

cc: Andy Willis  
David Brown  
President Pro Tempore Phil Berger  
Speaker Thom Tillis  
Charles Perusse  
Terrance Feravich  
Mark Bondo  
Andrea Poole  
Denise Harb

**New Capital Improvement Project**  
**Consultation Required per Section 6.5.(d)(4) of S.L. 2011-145<sup>1</sup>**

Department/Institution: University of North Carolina at Chapel Hill Advance Planning Request: X  
New Capital Projects: \_\_\_\_\_  
Project Title: Cogeneration Facility Warehouse Site Environmental Investigation and Remediation  
Project Cost: ≤ \$750,000  
Source of Funds: Utility Receipts

**For each advance planning project or capital construction project, please provide the following:**

1. A detailed project description and justification: During the initial stages of construction of a warehouse at the Cogeneration Facility, coal combustion byproducts were identified in soils within the construction zone. UNC-CH performed testing of the soils, stopped construction, and notified the NC Department of Environment and Natural Resources (DENR) on July 27, 2010 as required by law.

In response, DENR recommended that UNC-CH join the Registered Environmental Consultant (REC) program to assess and remediate any remaining coal combustion byproducts at the site. The REC program involves the hiring of a DENR-approved environmental consulting firm that will study the site, prepare a remediation plan, and oversee the remediation. DENR will rely upon the REC to satisfy the requirements of the Program and to assure that UNC-CH has appropriately remediated the site. Once a party agrees to participate in the Program, the party is obligated to complete the remediation in accordance with DENR regulations, which include a schedule for the completion of remediation activities. Following certification by the REC that remedial activities have been concluded, the site is eligible to be assigned "No Further Action" status which signals the end of the process.

Based on a review of historical records, it is believed that the coal combustion byproducts found in the soil at the Cogeneration Facility are attributable to the original coal-fired plant, which was constructed in 1941. At that time, coal combustion byproducts were accumulated on site as part of standard power station operations. In the late 1970s or early 1980s, this process became a permitted operation and was overseen by DENR. Since 1991, coal combustion byproducts from the Cogeneration Facility, which replaced the original coal-fired plant, have been removed from the site and recycled in accordance with applicable regulatory standards.

Although the coal combustion byproducts under the warehouse building have been removed and were disposed of in accordance with DENR requirements, additional impacted soil areas have been identified at the site. This request will enable UNC-CH to comply with State law by retaining a REC to: (1) determine the extent of impacts by coal combustion products, (2), develop a remedial action plan in accordance with DENR program requirements, and (3) oversee any required remediation.

2. An estimate of acquisition, planning, design, site development, construction, contingency and other related costs (Answer for capital construction only): N/A
3. An estimated schedule of cash flow requirements over the life of the project (Answer for capital construction only): N/A
4. An estimated schedule for the completion of the project: Advance planning is expected to be completed by the end of 2012.
5. An estimate of maintenance and operating costs, including personnel, covering the first five years of operation (Answer for capital construction only): N/A
6. An estimate of revenues, if any, likely to be derived from the project, covering the first five years of operation (Answer for capital construction only): N/A
7. An explanation of the means of financing: Utility receipts that will be budgeted for this purpose.

<sup>1</sup> Section 6.5(d)(4) of S.L. 2011-145 requires the Office of State Budget and Management (OSBM) to consult with the Appropriations Committee of the House of Representatives and the Appropriations/Base Budget Committee of Senate on all new advanced planning and capital improvement projects funded from gifts, grants, receipts, special funds, self-liquidating indebtedness, and other funds or any combination of funds for projects not specifically authorized by the General Assembly. This requirement includes projects authorized by the Board of Governors of the University of North Carolina. Each project must include a description for each proposed capital project as delineated in G.S 143C-8-6(e).

**New Capital Improvement Project**  
**Consultation Required per Section 6.5.(d)(4) of S.L. 2011-145<sup>1</sup>**

Department/Institution: University of North Carolina at Chapel Hill Advance Planning Request:             
 Project Title: Lighting Upgrades in Parking Facilities New Capital Projects:   X    
 Project Cost: \$1,500,000  
 Source of Funds: Parking Receipts

**For each advance planning project or capital construction project, please provide the following:**

1. A detailed project description and justification: This project would install energy efficient LED lighting in up to eight campus parking decks to reduce energy consumption and provide better lighting to enhance security. Because they are usually lighted 24 hours a day, seven days a week, parking deck lighting is one of the largest expenses that owners face. Replacing existing lighting in the decks with newer LED technology can provide substantial savings. Work is expected to include the replacement of approximately 2,767 high-pressure sodium fixtures in the Dogwood, Rams Head, Cobb, Jackson Circle, McCauley, Business School, School of Government, and Craige parking decks.
2. An estimate of acquisition, planning, design, site development, construction, contingency and other related costs (Answer for capital construction only): Total project cost is expected to be \$1,500,000.
3. An estimated schedule of cash flow requirements over the life of the project (Answer for capital construction only):  
 Cash Flow Estimate for Total Project Cost of \$1,500,000  

By End of:	3Q 2012	3Q 2013	3Q 2014	3Q 2015	3Q 2016
Expected Expenditure	\$400,000	\$300,000	\$300,000	\$200,000	\$300,000
4. An estimated schedule for the completion of the project: This project is expected to be completed by August 2016
5. An estimate of maintenance and operating costs, including personnel, covering the first five years of operation (Answer for capital construction only): No additional maintenance and operating costs are expected. It is estimated that avoided operating costs over the first five years of operation will total \$624,765.
6. An estimate of revenues, if any, likely to be derived from the project, covering the first five years of operation (Answer for capital construction only): No additional revenue is expected.
7. An explanation of the means of financing: Parking receipts that will be budgeted for this purpose.

<sup>1</sup> Section 6.5(d)(4) of S.L. 2011-145 requires the Office of State Budget and Management (OSBM) to consult with the Appropriations Committee of the House of Representatives and the Appropriations/Base Budget Committee of Senate on all new advanced planning and capital improvement projects funded from gifts, grants, receipts, special funds, self-liquidating indebtedness, and other funds or any combination of funds for projects not specifically authorized by the General Assembly. This requirement includes projects authorized by the Board of Governors of the University of North Carolina. Each project must include a description for each proposed capital project as delineated in G.S 143C-8-6(e).

**New Capital Improvement Project**  
**Consultation Required per Section 6.5.(d)(4) of S.L. 2011-145<sup>1</sup>**

Department/Institution: University of North Carolina at Chapel Hill Advance Planning Request:             
 Project Title: Davis Library Reconfiguration for Odum Institute New Capital Projects:   X    
 Project Cost: \$500,000  
 Source of Funds: Facilities and Administrative Receipts

**For each advance planning project or capital construction project, please provide the following:**

1. A detailed project description and justification: This project would reconfigure approximately 13,157 square feet of space in certain areas on the second, third, and fourth floors of the Davis Library to permit the relocation of the Odum Institute from Manning Hall. Work would include needed electrical, HVAC and telecom/data system modifications to properly serve the new space configuration.
2. An estimate of acquisition, planning, design, site development, construction, contingency and other related costs (Answer for capital construction only): Total project cost is expected to be \$500,000.
3. An estimated schedule of cash flow requirements over the life of the project (Answer for capital construction only):  

Cash Flow Estimate for Total Project Cost of 500,000					
By the End of:	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012
Expected Expenditure	\$50,000	\$100,000	\$150,000	\$175,000	\$25,000
4. An estimated schedule for the completion of the project: The project is expected to be completed by June 2012.
5. An estimate of maintenance and operating costs, including personnel, covering the first five years of operation (Answer for capital construction only): No additional maintenance and operating costs are expected.
6. An estimate of revenues, if any, likely to be derived from the project, covering the first five years of operation (Answer for capital construction only): No additional revenue is expected.
7. An explanation of the means of financing: Facilities and administrative receipts that will be budgeted for this purpose.

<sup>1</sup> Section 6.5(d)(4) of S.L. 2011-145 requires the Office of State Budget and Management (OSBM) to consult with the Appropriations Committee of the House of Representatives and the Appropriations/Base Budget Committee of Senate on all new advanced planning and capital improvement projects funded from gifts, grants, receipts, special funds, self-liquidating indebtedness, and other funds or any combination of funds for projects not specifically authorized by the General Assembly. This requirement includes projects authorized by the Board of Governors of the University of North Carolina. Each project must include a description for each proposed capital project as delineated in G.S 143C-8-6(c).

**New Capital Improvement Project**  
**Consultation Required per Section 6.5.(d)(4) of S.L. 2011-145<sup>1</sup>**

Department/Institution: East Carolina University Advance Planning Request:             
 Project Title: Umstead Residence Hall and White Residence Hall Fire Sprinkler Installation New Capital Projects:   X    
 Project Cost: \$1,400,000  
 Source of Funds: Housing Receipts

**For each advance planning project or capital construction project, please provide the following:**

1. A detailed project description and justification: This project will provide a new fire sprinkler system for Umstead Residence Hall (three-story, built in 1955, 288 beds, 48,812 square feet) and White Residence Hall (ten-story, built in 1968, 390 beds, 82,731 square feet). Work will include a new fire service water main to Umstead. Existing walls and ceiling systems will be repaired or replaced and repainted.
2. An estimate of acquisition, planning, design, site development, construction, contingency and other related costs (Answer for capital construction only): Total project cost is estimated to be \$1,400,000.
3. An estimated schedule of cash flow requirements over the life of the project (Answer for capital construction only):  
 Cash Flow Estimate for Total Project Cost of \$1,300,000  

By End of:	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012
Expected Expenditure	\$147,362	\$8,050	\$3,200	\$632,000	\$609,388
4. An estimated schedule for the completion of the project: The project is expected to be completed by the start of the 2012 fall semester.
5. An estimate of maintenance and operating costs, including personnel, covering the first five years of operation (Answer for capital construction only): It is estimated that additional maintenance and operating costs over the first five years of operation will total \$20,000.
6. An estimate of revenues, if any, likely to be derived from the project, covering the first five years of operation (Answer for capital construction only): No additional revenue is expected.
7. An explanation of the means of financing: Housing receipts that will be budgeted for this purpose.

<sup>1</sup> Section 6.5(d)(4) of S.L. 2011-145 requires the Office of State Budget and Management (OSBM) to consult with the Appropriations Committee of the House of Representatives and the Appropriations/Base Budget Committee of Senate on all new advanced planning and capital improvement projects funded from gifts, grants, receipts, special funds, self-liquidating indebtedness, and other funds or any combination of funds for projects not specifically authorized by the General Assembly. This requirement includes projects authorized by the Board of Governors of the University of North Carolina. Each project must include a description for each proposed capital project as delineated in G.S 143C-8-6(e).

**New Capital Improvement Project**  
**Consultation Required per Section 6.5.(d)(4) of S.L. 2011-145<sup>1</sup>**

Department/Institution: Appalachian State University Advance Planning Request:             
 Project Title: Trivette Dining Hall Renovation New Capital Projects:   X    
 Project Cost: \$5,000,000  
 Source of Funds: Dining Receipts

**For each advance planning project or capital construction project, please provide the following:**

1. A detailed project description and justification: This project would renovate and expand Trivette Dining Hall (22,476 square feet, two-story, built in 1991). Located on the west side of campus, Trivette Hall is the second largest dining facility on campus and is heavily used by the campus population. Work would include adding an estimated 1,000 square feet that expands the kitchen area as well as site work, site utilities, interior finish modifications, replacement of kitchen equipment and hoods, replacement furniture, and upgrades to all building systems. This project would comply with the requirements for Sustainable, Energy Efficient Buildings.
2. An estimate of acquisition, planning, design, site development, construction, contingency and other related costs (Answer for capital construction only): Total project cost is expected to be \$5,000,000.
3. An estimated schedule of cash flow requirements over the life of the project (Answer for capital construction only):  
 Cash Flow Estimate for Total Project Cost of \$5,000,000  

By the End of:	2011	2012	2013	2Q 2014
Expected Expenditure	\$25,000	\$400,000	\$3,800,000	\$775,000
4. An estimated schedule for the completion of the project: This project is expected to be completed by April 2014.
5. An estimate of maintenance and operating costs, including personnel, covering the first five years of operation (Answer for capital construction only): It is estimated that additional maintenance and operating costs over the first five years of operation will total \$53,500.
6. An estimate of revenues, if any, likely to be derived from the project, covering the first five years of operation (Answer for capital construction only): It is estimated that additional revenue over the first five years of operation will total \$1,208,000.
7. An explanation of the means of financing: Dining receipts that will be budgeted for this purpose.

<sup>1</sup> Section 6.5(d)(4) of S.L. 2011-145 requires the Office of State Budget and Management (OSBM) to consult with the Appropriations Committee of the House of Representatives and the Appropriations/Base Budget Committee of Senate on all new advanced planning and capital improvement projects funded from gifts, grants, receipts, special funds, self-liquidating indebtedness, and other funds or any combination of funds for projects not specifically authorized by the General Assembly. This requirement includes projects authorized by the Board of Governors of the University of North Carolina. Each project must include a description for each proposed capital project as delineated in G.S. 143C-8-6(e).